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C O N F I D E N T I A L ANKARA 006345

SIPDIS

STATE FOR E, E/CBED, EUR/SE

E.O. 12958: DECL: 10/07/2013
TAGS: EPET PREL RS TU UK
SUBJECT: TURKEY UNHAPPY WITH DECISION TO REVERSE ODESSA-BRODY PIPELINE

REF: DONNELLY-DASTIN E-MAILS

Classified by ECON Counselor Scot Marciel for reasons 1.5 (b) and (d).

¶1. (C) SUMMARY: MFA Deputy DG for Energy and Water Haki Akil told EconCouns that Turkey was opposed to the recently announced agreement to reverse the Odessa-Brody pipeline. Akil said the agreement would mean more oil through the Turkish Straits and undermine U.S.-Turkish goals for the East-West Energy Corridor. He asked the U.S. to intervene with the Ukrainian Government and BP to stop the deal. Embassy requests Department guidance. End Summary.

¶2. (C) Akil told EconCouns October 7 that Turkey strongly opposes the reported agreement to reverse the Odessa-Brody oil pipeline flow. The principle concern is that the decision will increase the amount of oil transported via the Turkish Straits, exacerbating the safety and environmental situation. Akil pointed out that the reversal has a double impact -- Russian-produced oil that would have been transported via pipeline to Europe will instead be transported via tanker through the straits, and Caspian produced oil that would have been transported via the Black Sea to Odessa and on to Europe now also will have to be transported via the Turkish Straits. He emphasized that increasing oil transport through the Turkish Straits "is not an acceptable option for Turkey."

¶3. (C) A secondary issue for Turkey is the possible impact of the Odessa-Brody reversal on the decisions of Caspian producers to support the East-West Energy Corridor. Akil feared that Caspian producers would be compelled to use the Russian pipeline system to get their crude to market, a move which would undermine the shared goal of the U.S. and Turkey to promote Caspian oil and gas transport via Turkey. Akil was surprised that BP-TNK, a Russian-BP joint venture would be a party to this agreement when BP had been the main supporter of the East-West Energy Corridor.

¶4. (C) Akil noted that the Ukrainian Government has not yet approved the reversal and asked that the U.S. seek to persuade the Ukrainian Government to block the decision. He also requested that we raise this issue with senior BP officials.

¶5. (C) ACTION REQUEST: We understand that this issue has been discussed frequently with GOU officials and most recently with Ukrainian Prime Minister Yanukovych in Washington. Embassy would appreciate a readout from Washington and requests guidance to respond to the GOT concerns.
EDELMAN